



# **ELECTRONIC FUNDS TRANSFER (EFT) PROCEDURE MANUAL**

**Pursuant to UCF Policy 3-121.1  
Effective Date: 7/1/2017**

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## INTRODUCTION

The University of Central Florida (UCF) processes Electronic Funds Transfers (EFTs) as a safe and efficient method to receive electronic deposits from customers and students, to issue refunds to students, and to provide payments to vendors and employees. Two commonly used EFT methods are:

- Automated Clearing House (ACH): This is an electronic payment delivery system that processes electronic credit and debit transactions, including direct deposits, within the United States using the American Bankers Association (ABA) number. The ABA number is also known as the “check routing number” or “routing transit number” and should be used as the first identifying number for ACH transactions. The bank account number and name assigned to the account are also required before an ACH transaction can be created and the exchange of funds processed between two parties.
- Fedwire: The most costly EFT to process and uses a Real Time Gross Settlement Funds Transfer system operated by the Federal Reserve Banks. There are two Fedwire options: (1) domestic wires and (2) international wires. Each option has a different settlement time and each requires unique banking information that is dependent upon where the settlement of funds is to occur.

The procedures outlined herein are designed for all departments, students, employees, and vendors who receive and make electronic payments on behalf of the university. The following areas are responsible for transacting EFTs:

- Finance & Accounting (F&A); and
- Human Resources

All EFT's processed by UCF occur using the systems listed below.

- UCF Financials: Used to initiate student refunds, vendor, and employee ACH payments. The PeopleSoft application generates a standard ACH transmission file which is electronically transmitted to UCF's banking institution by UCF IT, authorizing the debit and credit of funds between banks.
- Bank of America's CashPro On-line: The primary method used to initiate wire transfers. The on-line systems should only be used by employees with proper system credentials. The security administrators in F&A shall ensure that adequate separation of duties exist in accordance with internal control standards and that the integrity of system user profiles is protected. Steps are also taken to limit the number of users who have access to create or approve wire transfers and their authorized wire amounts. In addition, CashPro controls require two separate users to complete a wire. One individual initiates and a separate individual must approve.

- Telephone transfers are used to process wires on an emergency basis. UCF's banking institution requires dual approval for telephone transfers using PIN codes assigned to the initiator and the approver for verification of the wire. The Vice President for Administration and Finance and Chief Financial Officer and the Associate Provost for Budget, Planning and Administration and Associate Vice President for Finance have sole authority to appoint individuals as initiators and approvers for telephone wires. This authorization is established by submitting to the bank a Bank of America *Client Authorization and Acknowledgment – Wire Transfer Service* form and a *Wire Transfer Profile Telephone Initiation*.

F&A and Human Resources staff who initiate or complete EFT transactions are responsible for ensuring the financial internal controls are maintained, the activity is posted timely, and operational procedures are in place to reduce the risk of loss of university funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by university employees. F&A will monitor bank balances daily for unusual or unexpected transactions, reconcile bank activity to the general ledger in a timely manner, and investigate and resolve reconciling items.

### **Incoming EFTs:**

#### **ACH/WIRE TRANSFERS RECEIVED**

Departments requesting to receive payment by ACH or wire transfer must have the customer send their company's ACH/EFT payment request form to F&A-General Accounting.

F&A will complete the form, requiring all EFT payments to be posted directly to the operating account, and will obtain the proper authorization from the Assistant Vice President for Finance and Controller, or their designee, and the banking officer for the university account, if needed. After the form is completed, the General Accounting staff member will forward the information back to the customer so the customer can initiate the EFT with their banking institution. The completed form will not be returned to the department requesting the information and departmental staff has no authority to complete the document on behalf of the university.

Each department is responsible for providing invoices to their customers. For best practices on creating invoices, refer to the Addy Note available on the Finance & Accounting website titled, "Generating an Invoice."

### **OUTGOING EFTs:**

#### **STUDENT DIRECT DEPOSITS**

Students may receive payments to their designated banking institution through direct deposit and are encouraged to use this secure method of EFT for refunds and financial aid payments. The student is solely responsible for making necessary changes to their banking institution and direct deposit information. Each student must follow the instructions in the "How to Set-up a Direct Deposit" guide.

## **ACH PAYMENTS TO VENDORS (DOMESTIC)**

A domestic vendor may receive an ACH payment by completing an *Electronic Payment Authorization (EPA Form 41-984)* or *UCF Substitute W-9*. F&A-Cash Application reviews the ABA number, bank account number, and name as shown on the supporting documentation. If all information on the form and the supporting documentation is correct the data is recorded in UCF Financials and verified by another staff member. The supporting documentation is then filed and stored in a secured office location. Any subsequent requests to change vendor banking information will be confirmed directly via phone by F&A-Cash Application with vendor.

ACH overpayments require notification to Bank of America within five days of the payment to ensure funds are returned. A Bank of America *ACH/Reversal/Deletion Request* form will be completed by a F&A-Disbursements or Human Resource staff member. The form is then sent to F&A-General Accounting for approval and faxed to Bank of America's ACH services section to reverse the overpayment. General Accounting verifies the reversal occurs and the funds are deposited into the operating account the following business day.

Certain vendors have been given authority, with maximum withdrawal limitations, to initiate ACH payments (i.e. the Internal Revenue Service for payroll taxes). The establishment, approval and exception review of these payments occur through the Bank of America CashPro system. F&A - General Accounting monitors daily to ensure the banking activity has been posted into the UCF Financials system and validated.

F&A-Disbursements processes all vendor payments according to the pay cycle schedule and generates a check/ACH register. All ACH direct deposit payments have file detail and total amounts submitted to the bank for processing and F&A-General Accounting verifies that the totals submitted to the bank have been received and posted by the bank for processing. If file totals do not agree between UCF and the bank, F&A-General Accounting researches the issue with F&A - Financial Support Services and the bank to obtain resolution.

## **FEDWIRE PAYMENTS TO VENDORS (DOMESTIC OR INTERNATIONAL)**

In cases where immediate payment is needed, a vendor may be paid by domestic or international wire.

- I. Domestic wires. If a domestic vendor requests payment via a Fedwire, the following steps are required for the EFT to occur:
  - a) Form 41-570a, *Domestic Wire Request* must be completed by the department approving the vendor payment and accompany an invoice from the vendor containing the vendor's wire information, or an authorized letter. This information is forwarded to F&A-Disbursements for review and to ensure the vendor is established in UCF Financials and then will authorize or deny the payment to be processed.
  - b) The form, back-up wire information, invoice or other supporting documents will be forwarded to those authorized in F&A to initiate wires. The bank and

invoice information must be verified and if there is an inconsistency with the information provided, the wire initiator will contact the department to obtain additional or corrected information. If all information agrees with the documentation, the wire will be requested in CashPro. The initiator will provide a signature, date, time and initial bank transaction number on form 41-570a. CashPro will place the wire in pending status.

- c) The form and all documentation will be forwarded to an appropriate staff member for secondary approval. The pending wire information is reviewed online against the back-up documentation. If there is an error, the wire will be rejected online and the wire initiator will make any necessary corrections to the data. If all information is correct, the wire will be approved. CashPro will provide control information as to who input and who approved the wire, and both initial transaction and final confirmation numbers, on an *Outgoing Payments Report*. The payment approval confirmation should be attached to the documentation for future reference. The form and all documentation will be forwarded to a F&A-Disbursements for processing. If the payment is in a foreign currency, a staff member in cash application will receive the form and all documentation prior to a staff member in disbursements.

II. International Wires. Due to frequent issues with postage, foreign addresses and currency translation, the university recommends payments to foreign vendors be processed using an international wire.

- a) Form 41-570b, *International Wire Request* must be completed by the department approving the vendor payment and accompany an invoice containing the vendor's wire information or an authorized letter from the vendor. An invoice documenting the details of the payment must also be included. This information is forwarded to F&A-Disbursements for review and to ensure the vendor is established in UCF Financials and then will authorize or deny the payment to be processed.
- b) All foreign vendors require additional verification using the Visual Compliance system and review by UCF Global for tax withholding, <https://www.visualcompliance.com/logon.html>. The wire initiator is responsible for reviewing the documentation and inputting the required information into Visual Compliance. The system returns a report indicating whether a match was found. If there is a match, the initiator contacts the Assistant Director, Office of Research and Commercialization who is in charge of export control. The Assistant Director reviews the information and determines whether the payment should be processed or stopped. If there is no matching record, the wire initiator will document on the wire form that Visual Compliance was checked by initialing Form 41-570b and attaching a copy of the Visual Compliance report. If all information agrees with the documentation the wire is requested in CashPro. The initiator provides a

signature, date, time and initial bank transaction number on form 41-570b. CashPro will place the wire in pending status. The payment will then follow the steps in c) above.

- III. Establishing a wire template. The university may establish a wire template for wires that will be completed on a regular basis for items such as investments or regularly scheduled payments.
  - a) The wire template is established by the wire initiator and approved by an appropriate staff member using banking information provided on signed company letterhead or an invoice. A dollar limit on the template is established to reduce university risk of overpayment to the vendor.

### **EMPLOYEE DIRECT DEPOSITS**

Direct Deposit is a mandatory condition of employment at UCF. The only exceptions are for federal college work study students. If for some reason an employee cannot or does not want to participate in direct deposit, a letter from the employee to the Director of Human Resources must be sent requesting an exemption and stating specific reasons for the request. Failure to comply with this condition of employment without an exemption can result in disciplinary action leading up to and including termination.

For those employees who are unable to obtain a bank account, special relationships have been established with Bank of America, CFE Credit Union, Fairwinds Credit Union and SunTrust Bank. All four institutions will provide university employees with a special savings account that can be used as a debit card.

Checking and savings accounts are generally the only types of accounts that can be used for direct deposit. Although the university policy states that funds cannot be sent to a money market account, the system has allowed money market accounts when the account sequence is similar to that of a checking or savings account.

Employees should take the following steps to establish direct deposit when first hired:

- 1) Submit a *Direct Deposit Authorization* form to the Human Resources Department.
- 2) This form must contain account documentation in order to assure proper setup. Account documentation may include a “VOIDED” check (for checking accounts) or a bank notification stating the bank’s transit and routing number in addition to the employee’s account number (for saving accounts). Using this form, employees have the option to have their paycheck sent to 1, 2 or 3 bank accounts.
- 3) Account documentation is reviewed to assure the information does not appear altered or manipulated in any way. If evidence of such is present, the employee will be contacted to verify the information. In addition, if a void check which does not contain the employee’s name is submitted (which may happen with students who use parents’ accounts for

deposit), the employee will be contacted to verify the information. The outcome of these communications will be documented on the direct deposit form. Suspicious or fraudulent situations should be routed to the attention of the Payroll Manager or Assistant Payroll Manager for further review.

Direct deposit information can be edited through PeopleSoft Employee Self-Service. The same restrictions on bank account types apply, but there is no limit on the number of accounts to which direct deposit can be distributed when updating directly into PeopleSoft.

After the input has been completed and saved in PeopleSoft, the Human Resources processor will initial and date the *Direct Deposit Authorization* Form. The initialed form is given to the payroll coordinator for review to ensure the saved name, routing, and bank account numbers all agree with the “VOIDED” check or a bank notification stating the bank’s transit and routing number in addition to the employee’s account number.

More detailed instructions and screen prints are maintained in Human Resources for review.

When overpayments of direct deposits have been submitted to the bank, a Bank of America *ACH/Reversal/Deletion Request* form must be completed by a Human Resources staff member, faxed to F&A for review and approval, then faxed to Bank of America’s ACH services section to reverse the overpayment prior to the direct deposit being processed to the employee’s bank. A staff member within general accounting verifies the reversal of the requested ACH amount occurs and the funds are deposited into the operating account the following business day.

Multi-Factor Authentication (MFA) will be required in the myUCF portal in order to change or update your direct deposit information. MFA is a strong authentication method that combines something you know (your myUCF login and password) with something you have in your possession, such as a smartphone app, phone number to call or text, or a temporary token.

## **BANKING DEFINITIONS**

**Automated Clearing House (ACH).** An electronic payment delivery system which allows payment or collection of funds electronically through a financial network occurring within the United States. ACH processes large volumes of credit and debit transactions in batches.

**American Bankers Association (ABA) Number.** The ABA number is the nine (9) digit bank code assigned to financial institutions by the American Bankers Association (ABA) to identify the financial institution upon which a payment is drawn and submitted to within the United States. The ABA number is also known as the “check routing number” or “routing transit number. The ABA number may differ depending on where an account is opened and the type of transaction that is being processed (checks, domestic wires or ACH’s).

**Bank Account.** A financial account recording the financial transactions between the customer and their bank and the resulting financial position of the customer with the bank and that is primarily used for processing checks, domestic wires and EFT ACHs.



**Direct Deposit.** An electronic method of payment in which money is transferred to the payee's account without the use of checks, processed through the ACH payment system.

**Fedwire.** (A.k.a. Wire Transfer-Domestic or International). The Real Time Gross Settlement Funds Transfer system operated by the Federal Reserve Banks that enables financial institutions to electronically transfer funds to each other. Messages are transferred requesting debits and credits to correspondent accounts (in addition to other types of accounts). Actual settlements occur through Fedwire, CHIPS, correspondent accounts or other means. Domestic wires settle the same day and International wires can take up to two days to settle if foreign currency exchange is involved. The system is reliable and secure and is more costly compared to transactions involving checks or ACH.

**Society for Worldwide Interbank Financial Telecommunications (SWIFT).** SWIFT is a major international interbank telecommunications network that transmits international payment instructions as well as other financial messages. Messages are transferred requesting debits and credits to corresponding accounts. Actual settlements occur through Fedwire, CHIPS, correspondent accounts, or other means. The SWIFT code is used for the processing of all international wire transfers.

**International Bank Account Number (IBAN).** The code consists of a two-letter country code followed by two check digits and is comprised of a maximum of 27 alphanumeric characters within Europe and a maximum of 34 alphanumeric characters outside of Europe. The remaining characters after the first 4 digits are known as the basic bank account number (BBAN). Currently, the IBAN is primarily used by only banks in Europe, but the practice is becoming popular in other countries.

## **POLICY AND PROCEDURE MANAGEMENT**

F&A may modify these directives and procedures from time to time as required, provided that all modifications are consistent with Florida statutes, federal laws and banking rules and regulations.

## **CONTACTS**

UCF F&A  
<https://fa.ucf.edu/>  
407-882-1000

UCF Procurement Services  
<https://procurement.ucf.edu/>  
407-823-2661

Human Resources  
<https://hr.ucf.edu/>  
407-823-2771

UCF Global  
<http://global.ucf.edu/>  
407-823-2337

## **RESOURCES**

UCF Student Account Services web site - <https://studentaccounts.ucf.edu/>

Direct Deposit, Basic Information, How to Set-up a Direct Deposit

[https://studentaccounts.ucf.edu/DDeposit/Direct\\_Deposit\\_Ins.pdf](https://studentaccounts.ucf.edu/DDeposit/Direct_Deposit_Ins.pdf)

UCF F&A web site - <https://fa.ucf.edu/>

Forms:

41-570a, Domestic Wire Request:

<https://fa.ucf.edu/wp-content/uploads/sites/2/Aux41-570a.pdf>

41-570b, International Wire Request:

<https://fa.ucf.edu/wp-content/uploads/sites/2/Aux41-570b.pdf>

41-984, Electronic Payment Authorization:

<https://fa.ucf.edu/wp-content/uploads/sites/2/41-984.pdf>

UCF Substitute W-9

<https://fa.ucf.edu/wp-content/uploads/sites/2/41-990.pdf>

Addy Note:

Generating an Invoice

<https://financials.ucf.edu/wp-content/uploads/sites/4/Generating-an-Invoice.pdf>

UCF Human Resources web site - <https://hr.ucf.edu/>

Direct Deposit Form: [https://hr.ucf.edu/files/Direct\\_Deposit\\_Devolution.pdf](https://hr.ucf.edu/files/Direct_Deposit_Devolution.pdf)